
Contract Negotiation Techniques

Conducting Negotiations

Chapter 4



Federal Acquisition Institute
General Services Administration

Prepare Negotiation Environment

- **Space, lighting, furnishings**
- **Table and seating arrangements**
- **Visual aids**
- **Rebrief team members**

Negotiate

Task 1. Opening

- Greeting
- Introductions
- Casual conversation

Task 2. Factfinding

- Clear up misunderstandings
- Work to be accomplished

Negotiate

Task 3. Discussing issues

- **Contract requirements**
- **Contract price**
 - **Low offers**
 - **High offers**

Negotiate

Task 4. Reaching Agreements

- Sequencing areas of disagreement
- Agreement through mutual problem-solving
- Agreement through tradeoffs

Negotiate

Task 5. Managing the team

- **Present unified position**
- **Interrupt when necessary**

Task 6. Taking breaks and caucuses

- **Evaluate position**
- **Restore control**
- **Divert attention**

Negotiate

Task 7. Closing the deal

- **Do not prolong discussion**
- **Assure wavering parties**
- **Ask “when would you start work?”**
- **Summarize areas of agreement**
- **Extend handshake**

Prepare PNM

- **Price negotiation memo (PNM):**
 - Historical record
 - Supports negotiated price
 - Basis for pricing modifications
- **PNM demonstrates:**
 - Fair & reasonable price
 - Significant facts considered
 - How facts influenced judgment
 - Data not considered or relied on
 - How new data changed price